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Book of secrets for entrepreneurial success

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BOOK OF SECRETS FOR ENTREPRENEURIAL SUCCESS



Institute of Innovation and Entrepreneurship (IIE)

VISION

To be the preferred partner for research and practice of innovation and entrepreneurship.

MISSION

Nurture and Grow an innovation culture and entrepreneurial community in SMU and beyond.

OUR DNA (ASPIIRE)

Acceleration,
Sandbox,
Promotion,
Incubation,
IP management office,
Research,
Education

Values

Inspire, **I**nitiate, **E**ncourage

Checklist for you to decide whether you can be an entrepreneur

1. Are you an initiator?
2. Can you create something from nothing?
3. If you haven't done any of the above, did you grow up in a family of entrepreneurs?
4. What's your risk tolerance?
5. How much security do you need?
6. Are you resourceful?
7. Are you good at identifying and rallying support?
8. Are you adaptable?
9. Are you resilient?
10. Still want to be an entrepreneur?

*If your answer to 1, 2, 3, 6, 7, 8 and 9 is "No", please rethink.

*Your answers to 4 and 5 define your ability to navigate the entrepreneurial journey successfully.



10 Tips for Successful Innovation Teams

From www.innovationmanagement.se/2012/04/12/10-tips-for-successful-innovation-teams/

1. Start by building a bigger box rather than trying to think outside it!

Team should consist of the right people for Creation Phase, Analytical Phase and Development Phase

2. Select your team for who they know as well as what they know

3. Pick one leader and provide him or her the autonomy they need to be successful

Different members can assume leadership roles at different times.

4. Build a team that can both identify gaps in the market and markets in the gap!

unmet need and real customers willing to pay for the innovation.

5. Find team members who tell great stories!

Storytellers can describe problems and their solutions in a way that captivates attention and encourages action.

6. Understand the difference between good and bad conflict

Good conflict or “constructive conflict,” means maximizing debate and problem solving that relates to the work itself. One form of constructive conflict is when group members challenge each other’s assumptions and hypotheses in the hope of arriving at a better answer. It is important to note, however, that constructive conflict can be over done: repetitively challenging another person is unlikely to lead to innovation.

“When team members are confident they are all striving for the same goal, interpersonal conflict is lessened,” because the only things they can disagree on will be how to achieve those goals.

7. Supplement the innovation core team with an external provocateur

8. Remember to set goals and measure progress

9. Think like a startup entrepreneur

combine high levels of motivation and focus.

10. Ensure team members have “both feet in”

Every member has to put his or her entire being behind this initiative, as the ones who try to hedge fail. The ones who don't pour their soul into it typically don't make it.”



Seven Indicators of Highly Successful Start Up

From a study of 27 startups featured in Inc's annual "Anatomies of a Start-up," done for "The Journal of Business Venturing," and published by George Gendron in Inc Magazine.

Seven indicators of highly successful start up

1. Founder is ready, willing, and able to learn.
2. Seeks out established suppliers and channels.
3. Pays close attention to new potential competitors.
4. Spends more time on initial positioning.
5. Does homework on minimal capital requirements.
6. Offers customized products or services.
7. Chooses a large market in a growth industry.

Indicator No.1

Founder is ready, willing, and able to learn.

- There are entrepreneurs whose egos are so large that they can't be bothered listening to any advice from friends or experts, and they insist on doing things their way.
- Effective entrepreneurs are always open to learning, no matter what their prior experience.

Indicator No. 2

Seeks out established suppliers and channels.

- The challenge of a creating a new product or service is tough enough, without insisting on a new supply chain, and a new distribution channel.
- The most effective startups focus on their core competency, and work hard to pick the best of the rest for partners.

Indicator No. 3

Pays close attention to new potential competitors.

- Effective startups are never comfortable just because the features they plan for rollout in six months are ahead of what competitors have now.
- Things move fast in the startup world, and real competitors never stand still. Reassess new entrants and competitors every month.

Indicator No. 4

Spends more time on initial positioning.

- Like the old saying, you only get one chance for a great first impression.
- Overcoming a bad image, or even changing a non-image, takes lots of time, money, and effort.
- Your initial business identity can make or break your startup.

Indicator No. 5

Does homework on minimal capital requirements.

- Usually that means you have a Plan B and Plan C, just in case your initial source doesn't materialize, or takes much longer to finalize that you expected.
- Running out of capital in midstream is a brick wall that can derail even the best plans.

Indicator No. 6

Offers customized products or services

- It's very difficult for a startup to jump quickly to the volume required to sustain them as the low-cost producer.
- Big gorillas with deep pockets find it hard to scale products that are designed or produced to order.

Indicator No. 7

Chooses a large market in a growth industry.

- By definition, a growth industry has a history and an outlook of at least double-digit annual growth.
- A large market means at least \$500 million in potential sales if the company is asset-light, and \$1 billion if it requires plenty of property, plants and equipment.

Entrepreneurs Have to Run Fast or Get Run Over

From [http://blog.startupprofessionals.com/2012/04/
entrepreneurs-have-to-move-fast-or-get.html](http://blog.startupprofessionals.com/2012/04/entrepreneurs-have-to-move-fast-or-get.html)

1. Behave with urgency every day.

- Always demonstrate your own sense of urgency in meetings, interactions, memos and e-mail, and do so as visibly as possible to as many people as possible.
- You are the role model for everyone in your organization. If your tone or actions lack urgency, it percolates quickly to everyone, and you reap what you sow.

2. Consistently communicate urgency.

- Urgency is a set of thoughts and feelings, as well as a compulsive determination to move and win now. Aim for the heart, not just the mind.
- Look for the element of every story that will compel employees into action.
- Make employees feel empowered, not stressed, to buy into the need for urgency

3. Create action that is relentlessly aimed at winning.

- Make sure your actions are exceptionally alert, and focused on success.
- Show some progress each and every day, and constantly purge low value-added activities.
- Be quick to reward the winning actions of everyone on the team.

4. Bring the outside in.

- Be on the lookout for compelling data, people, video, websites and other important messages from outside the company.
- Strive to connect internal activity with external happenings and challenges.
- Highlight competitor wins in the marketplace, and continually challenge your own team to do better than competitors.

5. Find opportunity in crisis.

- Always be alert to see if crisis can be a friend, not just an enemy, in order to destroy complacency.
- Think of crisis as potential opportunities, and not only dreadful problems that automatically must be delegated to the damage control specialists.
- But don't assume that crisis inevitably will create the sense of urgency needed to perform better.

6. Deal with the urgency-killers.

- Remove or neutralize all the relentless urgency-killers, people who are not skeptics but by their actions keep a group complacent or create destructive urgency.
- Examples are people who are always “too busy” or stretch every task delivery beyond reasonable limits.

What Do Angels Look For?

From http://www.innovationamerica.us/index.php/innovation-daily/20813-what-do-angels-want?utm_source=innovation-daily--your-daily-newsletter-highlighting-global-innovation-news-and-trends&utm_medium=gazetty&utm_campaign=04-16-2012

Are you coachable or intractable?

- Angels are not likely to take a back seat. It's their money, so most likely they'll expect to have input on major decisions.
- Will you be open to following their advice?
- Or do you think no one could possibly understand your business as well as you do (an all-too-common entrepreneurial misconception)?

Does your business have legs?

Once the money from the initial round of funding is gone, does a viable business concept remain? Will you be generating enough revenues to keep growing?

How realistic are your projections?

All pitches consist of some levels of hype and hope. Angel investors want to know the true size of the market, revenue potential, barriers to entry and competitive landscape.

What's your end game?

Even though you're just getting started, investors want to know about your exit strategy. How will they get their money out? The Angel Capital Association reports most angels want to achieve their goals within five to seven years.

It's all about the money.

- How much do you really need now, and specifically what do you need it for?

- How much will you need six months from now?

What percentage of ownership does their money buy?

- How much money have you personally invested?

(No one wants to invest in something you're not willing to invest in yourself.)

- And where will additional funding, if needed, come from?

Of course there's much more.

Angels will ask about your patents, trademarks, copyrights or other protections, marketing strategies and expansion plans.

But really it's all about you. Angels are looking for 3 Cs.

If you want them to bless you with their money (and advice), you need to be:

**CONFIDENT,
CAPABLE and
COMMITTED.**

Steve Anderson speaks

Read more: http://www.businessinsider.com/steve-anderson-baseline-ventures-instagram-first-investor-explains-what-he-looks-for-in-companies-2012-4?utm_source=inpost&utm_medium=seealso&utm_term=&utm_content=3&utm_campaign=recirc#ixzz1t2EmVgAT

Steve Anderson

- Steve Anderson of Baseline Ventures has had an amazing run lately.
- He was the first seed investor in Instagram, which sold to Facebook for about \$1 billion.
- He was also a seed investor in OMGPOP, which sold to Zynga for close to \$200 million last month,
- He was also the seed investor in Heroku, which Salesforce picked up for about \$200 million in 2012.
- He's also got early investments in Twitter and Path, which are sure to be two of the biggest success stories of the next couple years.

Read more:

http://www.businessinsider.com/steve-anderson-baseline-ventures-instagram-first-investor-explains-what-he-looks-for-in-companies-2012-4?utm_source=inpost&utm_medium=seealso&utm_term=&utm_content=3&utm_campaign=recirc#ixzz1t2DgG880

Architecting Instagram

- The founder had his iPhone and bunch of HTML code he'd hacked together called Burbn. It was a bunch of hypotheses and no real clear answer what to do -- photos, check-in, comments, gamification.
- Instagram emerged out of that, a paring down of features that were really working.“
- Through trial and error they quickly decided “that HTML5 wasn't really ready for prime time, that native apps were totally superior.“
- They also decided to “make a sole bet on the iPhone, which was risky at the time.“
- It paid off -- Instagram got 25,000 users on the first day, showing obvious product market fit. A little more than year later, it was up to 30 million.

Anderson on his formula for seed investment

- He wants founders who are thoughtful,
 - but then make forceful decisions.
- Founders must be able to code,
 - but do not have strong opinions about languages.
- Don't raise more money until
 - you're sure you have product market fit.
- To be a great seed investor,
 - you need a great network of connections.
- On Y Combinator and other accelerators and incubators.
- When to shut down a failing company.

Anderson Speak 1

He wants founders who are thoughtful, but then make forceful decisions.

This is important because few people get their idea exactly right on the first try. “As Instagram has proven with Burbn to Instagram, I find it really hard to believe that any one person will have the perfect maniacal vision right from the start So that’s part of my assessment, hey, does this person have an opinion, based on a worldview that they’ve developed through listening, paying attention, and pondering. Kevin is the best at that. He’s very thoughtful, he ponders, but he’s very deliberate once he makes a decision.”

Anderson Speak 2

Founders must be able to code, but he doesn't have strong opinions about languages.

“All the scripting languages -- Ruby, Python, NoJS -- those have all very important places as do people who know Objective C for iOS development. Even C++. You don't use it to develop a really cool app like Instagram, but you need C++ if you want to do anything fast tied to hardware, or anything operating-system based.”

Anderson Speak 3

Don't raise more money until you're sure you have product market fit.

“What are the goals for [follow-on rounds] of financing? In Kevin's case...the goal was to take all these features [in Burbn] and narrow them to a product that has a great product market fit. Generally speaking, most of my investments are pre product launch, they're just an idea. So getting product market fit is the most important goal of the round. My goal as an investor is to make sure there's enough financing to give companies time to do that, a year to 18 months. The worst scenario is to try to raise more money when you haven't achieved that goal.”

Anderson Speak 4

To be a great seed investor, you need a great network of connections.

“As a seed investor, I don’t know what exists until I find it. With series A, B, C, or growth investments, you already know what you want to invest in. You have to fight for it, convince the team that it’s the right investment at the right time and right price. But for me, it’s all about networks ... I spend time with entrepreneurs, I meet them mostly through other entrepreneurs.”

Anderson Speak 5

On Y Combinator and other accelerators and incubators.

“They did this for people who don’t have their own networks or can’t grow their networks. How often do you show up to one place and see 80 companies? Of course with that scenario you’ll pay a higher price because more people are looking. That’s fine. Entrepreneurs have more transparency today than ever before, they can choose the types of investors they want to work with.”

Anderson Speak 6

Anderson is fine with all the other seed and angel investors who have sprung up since he started.

“When I went out at Baseline to raise capital, all I heard was crickets. I had to stay the course, adjust, and scrape together what I could. Six years later, there are a lot of investors ... I don't worry, I'm very confident in my ability to add value to young entrepreneurs and young companies. I like working with other investors. It's a big market, it's less about seeing everything and more about seeing your fair amount so you can be able to pick.”

Anderson Speak 7

When to shut down a failing company.

“Your goal is product market fit. If you don’t have it, eventually you’ll run out of cash, say the experiment is wrong, and fold up your tent ... A lot comes down to the entrepreneur. Do you keep doing this against all the feedback, or not? That’s why when I invest I want to leave enough room for pivoting or reexamining your goals. After that, most of the time entrepreneurs are realistic near the end and say this isn’t working. Those decisions aren’t that difficult. It gets more difficult in later stages when you’ve got millions of dollars in. Usually there, you try to sell the company.”



Nine Tips for Getting VCs to Notice You

From <http://www.readwriteweb.com/start/2012/04/9-ways-to-get-vcs-to-notice-yo.php>

Find the Right Niche

A scattershot approach to VC investment is not going to work. You need to narrow your scope and home in on VCs who are targeting specific startups in your area of expertise. Do some digging to learn:

- 1. What types of businesses does the VC typically fund? Do they often finance businesses in your industry?*
- 2. Does the VC focus on a geographic region? Some VCs invest nationally or even globally, so where you are based won't matter. Others, however, prefer to stay close to home.*
- 3. What stage of business does the VC finance? Seeking early-stage capital from a VC that typically funds expansion is asking for rejection. Focus on the VCs that invest in companies at your stage of growth.*

Find a Personal Connection

Directly emailing or cold calling a VC without any type of introduction or connection is a major misstep.

You need an “in.” Here are some ways to get one:

4. Tap into your professional networks. Attorneys or accountants are often good sources of referrals, since they're more likely to work with VCs or have colleagues who do.

5. Tap into your business networks. Use your connections on and offline to find people with whom you've done business or who might have connections to a VC.

6. Tap into your personal networks. Don't forget your friends, relatives and Facebook buddies. You never know whose uncle might have gone to school with the VC you're trying to reach.

Get Creative

If you can't make a direct connection, try to get in via the back door: Research companies the VC has previously funded. Find out who's on their management teams and see if you or one of your connections has a relationship with that person.

7. Look for influencers in your industry. Is there an industry leader with whom you could connect? Even if the VC doesn't actually know this person, he or she will likely be more impressed that the influencer is willing to vouch for you.

8. Think small. Plenty of entrepreneurs have gotten their “in” through a VC’s assistant - or even the assistant’s assistant. Find out who else might have influence at the VC firm and how you can connect to them.

9. Targeting your niche, finding a common link or leveraging a personal connection to make contact

Explore, Experiment, Enrich

*Stay the course
no matter how many speed bumps
you come across*



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